

Appl. No. : **09/710,690**
Filed : **December 10, 2000**

REMARKS

Reconsideration and allowance of the above-referenced application are respectfully requested.

Claims 21-23 and 25-36 stand rejected under 35 USC 102b as allegedly being anticipated by Rothman '984 (Rothman).

Initially, Rothman 984 is not in fact prior art, since it was actually filed on December 13, 2000, after the December 10, 2000 filing date of the present application. Rothman's provisional filing, provisional application 60/208521, is in fact prior art, however. A copy of that provisional application is attached to this amendment as Exhibit 1. While this provisional application is in fact prior art, the cited '984 is not prior art. Rothman's provisional application will be referred to herein as '521.

In order to demonstrate the scope and contents of the prior art, '521 will be described first. '521 describes that a user may purchase branded items over the Internet. A user registers (see page 2 beginning line 13,) and then the user can view and purchase products. Page 3 beginning line 8 describes that the user can order products through the website.

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Page 3 lines 14-18 of '521 describes that the ordered item can be distributed to local distributors "upon receipt of an off-line purchase request". This allows the user to pick up the product at the local distributor and pay there. The user can also customize the product, and the local distributors can register so that information about those local distributors can be provided see page 4 lines 3-12. Page 5 lines 12-16 describes inventory information.

Beginning at page 5, line 17, it '521 describes that a product may be returned at the local distributor, and then resold.

Pages 7-10 describes in general the computer that is used, and pages 10-11 describe the databases including inventory databases. Page 15 describes purchasing an item. The user can select product information (see page 15 lines 10-16), and query the system to determine availability of the product. Two different kinds of purchase of the product can be carried out: online and off-line see page 16. An audit and compensation process is depicted page 17 beginning line 9.

In fact, 521 does not teach or disclose shipping from more than one order fulfillment location. 521 contemplates either an online or off-line shipping technique. The online shipping technique ships from a central area, (at least there

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is no disclosure in 521 that the online operation ships from anything other than a central shipping system). The off-line technique, on the other hand, allows the user to pick up the item at a local distributor. There is no disclosure in Rothman '521 that the local distributor mails the item.

The online purchase enters an address to which the product is delivered. The off-line purchase allows the user to pick it up at a distributor. There is no disclosure that the local distributor is used to mail the item to the user, and in fact quite the opposite. Only the off-line technique, where the user picks up an item locally, has any disclosure whatsoever of choosing a local distributor. All of the other techniques, specifically the online technique, has absolutely no disclosure of the claimed operation.

The advantage of this kind of system as claimed is that different distributed areas can be used to send information to a user. Moreover, this is in no way disclosed by the cited prior art.

As evident from the above, therefore, nothing in 521 discloses "determining one of a plurality of different order fulfillment locations **to send said at least one product to said customer**" (emphasis added). Note that claim 21 also requires sending contents "to the customer, using the shipping method".

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Therefore, to summarize the above, there is no disclosure in the cited prior art of "sending contents from said order from said one of said order fulfillment locations based on said determining". Therefore, and for these reasons, claim 21 should be allowable over the cited prior art, along with the claims which depend there from.

Claim 23 for example defines that the determining comprises sending from an order fulfillment location that is physically closest to the customer.

As described above, nothing in 521 discloses sending the product from one of plural different order fulfillment locations; much less one which is physically closest to the customer. 521 contemplates only a single order fulfillment location. Claim 23 should hence be additionally allowable.

Claim 27 defines rebranding the order at the order fulfillment location. Admittedly, 521 contemplates that a message or personalization can be associated with the product, see for example page 16 lines 12-20. However, this is a personalization, not a rebranding. The rebranding allows an order fulfillment location to serve information from multiple different brands by rebranding the items. This is in no way disclosed by the cited prior art and is hence independently allowable.

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Claim 29 specifies determining product trends based on geographical territory. Again there is a disclosure of maintaining inventory information, but no disclosure in 521 of product trends as a function of geographical location. See pages 17-18 of 521. Claim 29 should be independently patentable.

Furthermore there is nothing about demographics as defined in claim 30. Claim 30 should be independently patentable.

Claim 31 defines a method of reading sending a product to a consumer, which includes rebranding the order with a name associated with the server. The personalization set forth above has nothing to do whatsoever with rebranding using a name associated with the server. Therefore, claim 31 should be allowable for these reasons as well as on their own merits.

The dependent claim should be allowable for reasons discussed above with respect to the respective independent claims.

Claim 34 should be allowable for reasons discussed above, since it specifies “determining one of a plurality of different order fulfillment locations to send said at least one product to said consumer, and sending information to said one order fulfillment location, indicating that said order should be sent to said consumer using a shipping method” This is not in any way disclosed or suggested by the cited prior art.

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Claims 35 and 36 refer to receiving a name and rebranding, which should be allowable for reasons discussed above. For each of these reasons, all of the claim should be in condition for allowance.

Claim 24 was rejected under 35 USC 102 as being obvious over Rothman in view of Borders. This contention is further respectfully traversed.

Claim 24 defines that the order fulfillment location determination carries out a determination of finding a location (from among the various locations) that is a specified mailing time to the consumer. The rejection admits that this is not disclosed or suggested by Rothman. Borders shows a number of stores and servers related with those stores. While Borders shows that a user can set a specified delivery destination day, this does not disclose that this will set different different locations to mail the items. Basically, the user can select when they want the delivery to occur, and this will relate to that kind of delivery method which is used. See Borders' paragraph 145 which specifies the delivery routes and stops, rather than specifying a different item part or whatever to send the information from. In fact, the distribution center describes beginning paragraph 221 discloses nothing about a number of different distribution centers and certainly nothing about the specific claimed feature that order fulfillment location from the plurality

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of order fulfillment locations based on a specified mailing time to the user. Hence the combination of Rothman in view of Borders shows a Rothman type system with Borders' teaching of different delivery techniques. There is no disclosure of a sending from one of different areas. Claim 24 should hence be further allowable.

It is believed that all of the pending claims have been addressed in this paper. However, failure to address a specific rejection, issue or comment, does not signify agreement with or concession of that rejection, issue or comment. In addition, because the arguments made above are not intended to be exhaustive, there may be reasons for patentability of any or all pending claims (or other claims) that have not been expressed. Finally, nothing in this paper should be construed as an intent to concede any issue with regard to any claim, except as specifically stated in this paper, and the amendment of any claim does not necessarily signify concession of unpatentability of the claim prior to its amendment.

For all of these reasons, it is respectfully suggested that all of the claims should be in condition for allowance. A formal notice of allowance is hence respectfully requested.

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If the Examiner believes that communications such as a telephone interview or email would facilitate disposal of this case, the undersigned respectfully encourages the Examiner to contact the undersigned.

Recognizing that Internet communications are not secure, I hereby authorize the USPTO to communicate with me concerning any subject matter of this application by electronic mail (using the email address harris@schiplaw.com). I understand that a copy of these communications will be made of record in the application file.

Please charge any fees due in connection with this response, (other than those concurrently paid via EFS), to Deposit Account No. 50-4376, small entity.

Respectfully submitted,

Date: 11/10/08

/Scott C Harris/
Scott C. Harris
Reg. No. 32,030

Customer No. 74162
Scott C. Harris, Esq.
Law Office of Scott C Harris, Inc
PO Box 1389
Rancho Santa Fe, Ca 92067
Telephone: (858) 756-7778
Facsimile: (858) 756-7717

Exhibit 1 ---

Provisional Application 60/208521

06-02 20

A/Prov

PATENT

Docket No. 4058-4001

Express Mail Label No. EL513413256US

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

**COVER SHEET FOR FILING PROVISIONAL APPLICATION FOR PATENT
(37 C.F.R. § 1.51(c)(1))**

BOX PROVISIONAL PATENT APPLICATION
ASSISTANT COMMISSIONER FOR PATENTS
Washington, D.C. 20231

Sir:

Transmitted herewith for filing is the provisional application for patent under 37 C.F.R. 1.53(c) entitled:

METHOD AND APPARATUS FOR THE DISTRIBUTION AND SALE OF A BRANDED PRODUCT

Inventor(s):

| | | | |
|----|-------------------|-------------------------------|------------------------------|
| 1. | Glenn | | Rothman |
| | Given Name | Middle Initial or Name | Family (or Last) Name |

| | | | |
|--------------------------------------------------------------------------------------------------|--|--|--|
| c/o Hearts On Fire, 333 Washington Street, Suite 851, Boston, MA 02108-5111, USA | | | |
| Residence (Street Address, City or Town and either State and Zip code or Foreign Country) | | | |

| | | | |
|----|-------------------|-------------------------------|------------------------------|
| 2. | | | |
| | Given Name | Middle Initial or Name | Family (or Last) Name |

| | | | |
|--------------------------------------------------------------------------------------------------|--|--|--|
| Residence (Street Address, City or Town and either State and Zip code or Foreign Country) | | | |
|--------------------------------------------------------------------------------------------------|--|--|--|

☐ Additional inventors are being named on separately number sheets attached hereto.

Enclosed are:

A. Documents required:

☒ 19 page(s) of specification, 1 page of abstract

☒ 10 sheets of informal drawing (Fig. 1-10)

B. Additional Documents:

☐ 1 page(s) of claims No. of claims 5

☐ page(s) of Declaration and Power of Attorney

☐ Statement of "Small Entity" Status Under 37 C.F.R. §1.27

☐ An assignment of the invention to _____

☐ Other _____

C. Fees:

☐ A check in the amount of \$150.00 is enclosed to cover the application filing fee For Other Than A Small Entity.

06/01/00
JC822 U.S. PTO

JC804 U.S. PTO
60/208521
06/01/00

60208521 060100

- ☐ A check in the amount of \$75.00 is enclosed to cover the application filing fee For A Small Entity.
- ☐ A check in the amount of \$40.00 is enclosed for recording the Assignment.
- ☐ No filing fee to be paid at this time.

AUTHORIZATION TO CHARGE DEPOSIT ACCOUNT

- ☒ Charge Fee to Deposit Account No. 13-4500. Order No. 4058-4001. A DUPLICATE COPY OF THIS SHEET IS ATTACHED.
- ☒ The Assistant Commissioner is hereby authorized to charge any additional fees which may be required for filing this application, or credit any overpayment to Deposit Account No. 13-4500, Order No. 4058-4001. A DUPLICATE COPY OF THIS SHEET IS ATTACHED.

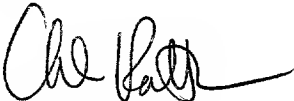
The invention was made by an agency of the United States Government or under contract with an agency of the United States Government. ☐ yes ☒ no

Send all correspondence for this application to:

Charles Rattner
MORGAN & FINNEGAN, L.L.P.
345 Park Avenue
New York, New York 10154

Respectfully submitted,
MORGAN & FINNEGAN, L.L.P.

Dated: June 1, 2000

By: 
Charles Rattner
Registration No. 40,136

Mailing Address:

MORGAN & FINNEGAN, L.L.P.
345 Park Avenue
New York, New York 10154
(212) 758-4800
(212) 751-6849 Telecopier

Rev. 06/24/98

[illegible]

DOCKET NO. 4058-4001

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

| | | |
|--------------|----------------------------------------------------------------------------------|---------------------|
| Applicant(s) | : Glenn Rothman | Group Art Unit: TBA |
| | | Examiner: TBA |
| Serial No. | : TBA | |
| Filed | : June 1, 2000 | |
| For | : Method and Apparatus For The Distribution and Sale of a Branded Product | |

EXPRESS MAIL CERTIFICATE

Express Mail Label No. EL513413256USDate of Deposit June 1, 2000

I hereby certify that the following attached paper(s) or fee: Cover Sheet For Filing Provisional Patent Application For Patent (2 copies) enclosing 19 pages of specification, 1 page of Abstract, 1 pages of claims and 10 sheets of formal drawings (Figs 1-10); Return Receipt postcard; and this Express Mail Certificate, is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. §1.10 on the date indicated above and is addressed to Box Application, Assistant Commissioner for Patents, Washington, D.C. 20231.

Vivian Zhang
(Typed or printed name of person mailing
paper(s) or fee)

James S. King
(Signature of person mailing paper(s) or fee)

Mailing Address:

MORGAN & FINNEGAN, L.L.P.
345 Park Avenue
New York, New York 10154
(212) 758-4800
(212) 751-6849 Telecopier
FORM: EXP-MAILNY
Rev. 1/1/93

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**METHOD AND APPARATUS FOR THE DISTRIBUTION AND SALE OF A
BRANDED PRODUCT**

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INVENTOR: GLENN ROTHMAN

15

20 Morgan & Finnegan, LLP
345 Park Avenue
New York, NY 10154-0053
(212) 758-4800
(212) 751-6849 Facsimile
25 <http://www.morganfinnegan.com>

Field of the Invention

The present application relates generally to data processing for financial transactions and relates more specifically to a system for selling, promoting and distributing a product online.

5

Background of the Invention

Many methods exist for conducting business online. In typical configurations, one or more computer servers are operative to provide information to users over a computer network, such as by providing a web site on the World Wide Web. A number of users may simultaneously access the servers via remote computer terminals which connect to the computer server(s) over a telecommunications connection. The information provided by the operator of the web site may include products which are available for sale to a user. The user may provide financial account information, such as a credit card number, to purchase the available products. The operator may then charge the financial account for the purchase.

The operator may gain further revenues by posting banner advertisements from third parties which are visible on the web site. Typically, the operator is compensated based on the number of users who access the web site or view the advertisement.

However, few methods have been proposed for promoting products through an independent and/or franchised network of distributors using the Internet. Such methods may allow a seller to harness the Internet to promote a product to both buyers and potential distributors of the product. Sellers of branded products, such as diamond sellers, may benefit from an online embodiment of such a system due to the difficulty of

establishing, encouraging and maintaining committed distributors for their product through traditional channels.

Accordingly, a method and apparatus for the distribution and sale of a branded product is proposed herein to address certain shortcomings of existing technologies.

5

Summary of the Invention

According to certain embodiments of the present invention, a method and accompanying apparatus for selling and distributing a product online includes providing a network site on a computer network which may be accessible to a plurality of users and a plurality of local distributors. The network site may be a web site operated by a seller which provides product information on one or more products, such as diamonds, and through which such products may be sold.

A user accessing the network site may register with the operator of the site by providing personal identification information, which preferably includes a geographic location, e.g. a zip code or a telephone area code, of the user and a financial account identifier, such as a credit card number, from which the user may authorize the withdrawal of funds to accomplish a purchase. In the alternative, the geographic location of the user may be determined from a unique computer address stored by the user's remote terminal. The user information may be used to generate an icon representation of the user on the web site, the icon corresponding to the demographic of the user as determined from the identification information. The user information may then be stored in a user database maintained by the network server.

5 Either before or after the registration process, the user may view product information provided by the network site. Such information may include audio, visual, and/or audio visual messages and depictions which convey product information, such as product quality, available sizes, available configurations, and methods of delivery of the product. The operator of the web site may also provide a forum hosted by an expert, through which users may submit questions regarding the product to the experts, and receive answers to the same, on a 24-hour basis.

10 A user may then order the product through the web site. The user may preferably specify an online purchase or an offline purchase of the product. Upon receipt of an online purchase order, the network server may communicate with a third party payment processing server, such as those operated by online credit card clearinghouses, to accomplish a payment for the sale. The operator of the network server may then ship the product to the user at an address specified by the user.

15 Upon receipt of an offline purchase request, the user may be directed to one or more local distributors who sell the product in the same geographic region as the user. The user may then pick up the product at the local distributors location, and may further pay for the product at the location. Both online and offline purchase transaction data may then be stored in a transaction database maintained by the network central server.

20 In particular embodiments, the user may order customized products by specifying an inscription to be placed on the product. Such inscriptions may include laser inscription by which miniaturized messages may be placed on the product. The messages may be personal messages entered by the user or may be a selection of a predetermined

message suggested by the seller via the network site. In additional embodiments, the user may purchase insurance for the product through the web site.

In further embodiments of the present invention, a plurality of local distributors may register with the web site in order to sell the product offered by the seller at one or more geographical locations. The local distributors may be independent or franchised
5 retailers having a known, geographic location. During the local distributor registration process, a local distributor preferably provides identification information including the geographic location of a retail store operated by the local distributor and employee information including the names of employees responsible for sales of the product. The
10 distributor registration information may then be stored in a distributor database maintained by the central server.

The local distributor may then select or be assigned a geographic region in which the distributor is responsible for sales of the product. In a case where the geographic region is assigned by the seller, the geographic region may correspond to the geographic
15 location of the local distributor. In a case where the local distributor selects a geographic region, the distributor may select any one or more regions in which it is responsible for sales of the product. The distributor may pay for rights to the region, including the right to designate the region as exclusive to the distributor. The price a distributor pays for each region may be separately negotiated with the seller operating the web site.

20 The seller's product, as well as competing products, may be sold at the independent distributor's location. Accordingly, in order to encourage distributors to sell the product, several incentives are provided. First, the distributor is allowed to set a price for the product in the distributor's region. If more than one distributor is in a given region,

each may be given access to the portion of the transaction database which stores sales data for that region. The transaction database may then be audited by the distributor to determine the level of sales in the region and determine their price accordingly.

Next, the sales accomplished by the local distributor are tracked by the seller.

- 5 The seller may then compensate the local distributor based on the level of sales completed. Such compensation may include monetary payments, bonuses, an ownership interest in the seller's corporation. Individual employees of the local distributor may also be compensated for accomplishing particular sales levels. Such sale levels may be based on a number of products sold, a value of products sold, and or a ranking of the
- 10 distributor/employee compared to other distributors and employees participating with the seller.

- In a further embodiment, the local distributors may store inventory information on the central server by which users may determine what types of products are available at the local retailer. The inventory information may further be used by the seller to
- 15 determine, for example, if the distributor is maintaining minimum required amounts of the product in its stock.

- In another embodiment of the invention, a user may return a product ordered online to a local distributor identified by the web site as being in the same geographic region as the user, even if the local distributor did not participate in the sale of the
- 20 product.. The product may then be returned to the seller or maintained by the local distributor for re-sale. If the product is returned to the seller, the local distributor is compensated for the refund it provided to the user.

Brief Description of the Drawings

Further aspects of the instant invention will be more readily appreciated upon review of the detailed description of the preferred embodiments included below when taken in conjunction with the accompanying drawings, of which:

5 FIG. 1 is a schematic block diagram illustrating an exemplary computer network according to an embodiment of the present invention;

FIG. 2 is a schematic block diagram of exemplary components of a seller's central server according to an embodiment of the present invention;

10 FIG. 3 is a representation of an exemplary user database stored by the central server of FIG. 2;

FIG. 4 is a representation of an exemplary local distributor database stored by the central server of FIG. 2;

FIG. 5 is a representation of an exemplary inventory database stored by the central server of FIG. 1

15 FIG. 6 is a representation of an exemplary transaction database stored by the central server of FIG. 2;

FIG. 7 is a flow chart depicting an exemplary buyer registration process according to an embodiment of the present invention;

20 FIG. 8 is a flow chart depicting an exemplary local distributor registration process according to an embodiment of the present invention;

FIG. 9 is a flow chart depicting an exemplary transaction process according to an embodiment of the present invention; and

FIG. 10 is an exemplary audit and compensation process according to an embodiment of the present invention.

Detailed Description of the Preferred Embodiments

Referring now to FIGS. 1-10, wherein similar components of the present invention are referenced in like manner, preferred embodiments of a method and system for selling and distributing a product online are disclosed.

Turning now to FIG. 1, there is depicted an exemplary computer network through which a plurality of users operating remote user terminals may communicate with one or more central servers over a network connection in order to receive product information and to submit purchase requests. Local distributor servers and third party payment processing servers may also be disposed in communication with the seller's central server through a network connection. Although the computer network shown is preferably an Internet-based network such as the World Wide Web, it may be any one or more of a local area network (LAN), a wide-area network (WAN), an intranet environment, an extranet environment, a wireless network or any other type of computer network, such as those enabled over public switched telephone networks.

The user terminals may each be any type of computing device, such as a personal computer, a workstation, a network terminal, a hand-held remote access device, a personal digital assistant (PDA) or any other device that can accomplish two-way electronic communication over the network connection. Specific functions and operations of user terminals, the central servers, and local distributor servers are discussed further below.

Turning now to FIG. 2, displayed therein are exemplary components of a computing device, such as a seller's central server. It should be understood that any of user terminals, local distributor servers and third party payment processing servers may share similar configurations. However, for sake of brevity, the discussion immediately below will refer to the central server only.

The primary component of the central server is a processor, which may be any commonly available microprocessor, such as the PENTIUM III manufactured by INTEL CORP. The processor may be operatively connected to further exemplary components, such as RAM/ROM, a clock, input/output devices, and a memory which, in turn, stores one or more computer programs, a user database, a local distributor database, and a transaction database.

The processor operates in conjunction with random access memory and read-only memory in a manner well known in the art. The random-access memory (RAM) portion of RAM/ROM may be a suitable number of Single In-line Memory Module (SIMM) chips having a storage capacity (typically measured in kilobytes or megabytes) sufficient to store and transfer, inter alia, processing instructions utilized by the processor which may be received from the application programs. The read-only memory (ROM) portion of RAM/ROM may be any permanent, non-rewritable memory medium capable of storing and transferring, inter alia, processing instructions performed by the processor during a start-up routine of the central server.

The clock may be an on-board component of the processor which dictates a clock speed (typically measured in MHz) at which the processor performs and synchronizes, inter alia, communication between the internal components of the central server.

The memory may be an internal or external large capacity device for storing computer processing instructions, computer-readable data, and the like. The storage capacity of the memory is typically measured in megabytes or gigabytes. Accordingly, the memory may be one or more of the following: a floppy disk in conjunction with a floppy disk drive, a hard disk drive, a CD-ROM disk and reader/writer, a DVD disk and reader/writer, a ZIP disk and a ZIP drive of the type manufactured by IOMEGA CORP., and/or any other computer readable medium that may be encoded with processing instructions in a read-only or read-write format. Further functions of and available devices for memory will be apparent.

The memory preferably also stores a plurality of relational databases, such as a user database, a local distributor database and a transaction database, examples of which are depicted in FIGS. 3-5 below. In referring to the databases depicted therein, it is important to note that the first row of the databases includes a field header for each field of the database and the remaining rows each correspond to one record of the database. Fields of data, are represented by each column. Further or fewer fields and records of

data may be used. The databases presented herein may be configured into any number of relational databases. In addition, configurations other than database formats may be used to store the data maintained in the exemplary databases.

Referring now to FIG. 3, an exemplary user database is provided to store and maintain user identification data provided by a user accessing a web site operated by the seller. The data is entered according to the user registration process as described below with respect to FIG. 7. The data may further be used in the transaction process described with respect to FIG. 9 below. Accordingly, the user database preferably includes a user name field for storing the name of the user, a user identifier field for storing an identifier assigned to the user, a user address field for storing the geographic location of the user, and a financial account identifier field for storing a financial account maintained by the user. The financial account is preferably a credit card account or other suitable accounts through which charges may be applied online by the seller against the account, and may further be processed by the third party payment processing server depicted in FIG. 1.

Turning now to FIG. 4, there is depicted an exemplary distributor database which preferably stores registration information provided by local distributors wishing to participate in the sale of the product offered by the seller. The data is entered according to the distributor registration process as described below with respect to FIG. 8. The data may further be used in the transaction process described with respect to FIG. 9 and the audit and compensation process described with respect to FIG. 10 below. Accordingly, the distributor database preferably includes a distributor name field for storing the name of the user, a distributor identifier field for storing an identifier assigned to the distributor, a distributor address field for storing the geographic location of the distributor, and an

employee identifier field for storing the names of employees responsible for sales of the product at the distributors location.

Turning now to FIG. 5, there is depicted an exemplary inventory database through which local distributor may upload and maintain a list of their inventory of a seller's product. The inventory database may be queried upon the request of a user to determine if a particular product is available at a distributor in the user's geographic region. The inventory database may further be queried by the seller to confirm than minimum inventory amounts are being maintained by a local distributor. Accordingly, the inventory database preferably includes a distributor identifier field for storing an identification of a particular distributor, a product type field for storing an identification of a product for sale by the seller, and an inventory amount field for storing a number of the product available for sale.

In a particular embodiment of the present invention, it is contemplated that the product to be sold may be a diamond and a setting for the same. In such case, the product type field may include a carat weight of the diamond, a cut of the diamond, a color of the diamond, a clarity of the diamond, a setting type for the diamond, and other relevant information. Other product types may be incorporated into the systems of the present invention, in which case, product type field may include identifying information corresponding to that product.

Turning now to FIG. 6, there is depicted a transaction database in which purchase requests and the like are stored by the central server. The data for the transaction database is entered during the transaction process described below with respect to FIG. 8. Data from the transaction database is further used during the audit and compensation

process described below with respect to FIG. 10. Accordingly, the transaction database preferably includes a transaction identifier field for storing a transaction identifier assigned to a purchase request from a user, a field for storing the date and time the product was ordered, a field for storing an identification of a product ordered by the user, a field indicating whether the product is purchased for online or offline delivery, a field indicating a purchase price for the product, a field indicating whether an inscription of the product is ordered, a field indicating the message to be inscribed, a field storing an indication of the local distributor responsible for the sale which is determined from the geographic location of the user, and a field indicating whether insurance was purchased for the product.

Referring now to FIG. 7, therein is depicted an exemplary user registration process according to an embodiment of the present invention. At an initial step, the user logs into the web site operated by the seller using a remote user terminal. Next, the user is queried to determine whether the user wishes to register with the operator of the web site. If so the process continues as described immediately below. If not, the process continues as described further below. If the user wishes to register, the user is presented with a number of fields to be completed. These fields correspond to the data stored in the user database of FIG. 3. Such information may include a user name, a user address including a zip code, a user telephone number including an area code, user demographic information (e.g., age, sex, occupation and income level of the user, and a financial account maintained by the user and accessible for charging purchases by the seller.

A user identifier is next assigned to the user. The user identifier may be any alphabetic, numeric, or alphanumeric code which uniquely identifies the user, and may

further include a user name and a password. The identifier may be selected by the user and confirmed as unique by the central server. In the alternative, the central server may be programmed to generate a unique identifier for the user. This information is then stored in the user database. The user may enter the identifier during subsequent visits to the central server so that the user may be identified without having to re-enter such personal identification information. Upon entry of the data and assignment of the user identifier, the user registration process ends.

Referring now to FIG. 8, an exemplary distributor registration process is depicted. The registration process begins upon the receipt of distributor identification data entered by the distributor and received by the seller or operator of the web site. Such data may be entered online or provided offline to the seller or operator. The distributor identification data may include a distributor name, a distributor location, an identification of the region or regions in which the distributor is interested in selling the product, and an identification of employees of the distributor responsible for the sale of the product. Further information may be provided. Such distributor identification information is stored in the distributor database of FIG. 4.

The distributor next provides inventory information corresponding to the number and types of product which the distributor has available for sale at the distributor's physical location. The distributor may also specify pricing for the product in his region. This information is then stored in the inventory database of FIG. 5. The distributor may then update the inventory information on a periodic basis. The distributor registration process then ends.

Referring now to FIG. 9, there is depicted an exemplary transaction process performed by the user in conjunction with the central server. The transaction process begins when a user visits the web site operated by the central server. The user is first asked if the user is registered with the system. If the user indicates that she is registered, the user is prompted for the user identifier which is confirmed by the central server upon entry by the user through accessing the user database of FIG. 3. If the user is not registered, the user is queried as to whether she wishes to register with the system. If the user so indicates, the user registration process of FIG. 7 is initiated as described in the foregoing. If the user chooses not to register, the transaction process continues as follows.

Next, whether or not the user has registered with the system, the user may then select product information which corresponds to product for sale by the seller via the web site. Such product information may include audio, visual and/or audio-visual messages and depictions corresponding to available products. In particular embodiments, the web site may offer an expert forum through which a user may submit questions regarding to the product to one or more experts, and receive answers from the same on a 24-hour basis.

The user may next query the system to determine the availability of a product in which the user is interested. The central server then asks the user to submit the user's identifier assigned during the user registration process of FIG. 7. If the user is not registered, she is prompted to enter the registration process. If the user is registered, the process continues below.

Next, the central server determines an availability of the product requested. If the product is available, the user is queried to determine if the user wishes to purchase the

product online or offline. If the online purchase is requested, the user is prompted to enter an address to which the product is to be delivered. If an offline purchase is requested, the user's geographic location is determined from the personal identification information received in the user registration process. The location information is cross-referenced to determine the local distributors in the geographic location. The user is then prompted to select a local distributor whom the user may visit to physically purchase the product. The user may authorize payment through the web site and elect to pick up the product at the local distributor, in which case the distributor is provided 100% of the profits upon completion of the sale to the customer. In the alternative, the user may elect to provide payment information to the local distributor at the time of she picks up the product. The purchase information received above is then stored in the transaction database and the identified local distributor may be notified of the impending sale.

Whether online or offline purchase is requested, the user is then queried to determine if she wishes the product to be inscribed with a personal message. If so, the user is prompted to enter or select a message to be inscribed on the product. In certain embodiments, it is contemplated that the product to be ordered is a diamond ring. The inscription may involve laser-inscribing a desired message onto the diamond through a process offered, for example, by Hearts on Fire of Boston, Massachusetts. The laser inscription is preferably imbedded within the diamond and viewable through a 10X magnifier. Inscription of the band of the ring may also be provided.

Next, the central system queries the user to determine if insurance for the product is requested. The insurance may include provisions which include compensation for the

user in the event of loss, theft or damage of the product being sold. If the user elects to buy the insurance, such information is stored in the transaction database.

After completion of the above-identified steps, the transaction process ends.

It is further contemplated that individual sales of a product may occur strictly at a local distributor physical location, without interaction between the purchaser and the web site. Such traditional sales may be reported by the local distributor to the central server at periodic intervals, and may be incorporated into the transaction database for purposes of auditing and compensation as provided below.

Referring now to FIG. 10, an exemplary audit and compensation process is depicted. The audit and compensation process may be performed by the seller or may be performed by one of the local distributors using information for that distributors geographic location only. As a first step in the process, the central server organizes the information in the transaction database and determines sales figures for each local distributor and/or individual employee of the same for a given period of time. The distributors and/or employees may then be ranked based on number of products sold, revenue generated from product sales, or the like. Next, the central server compares the sales figures to pre-determined sales goals. The distributors and/or employees may then receive compensation based on the sales as compared to the goals. The distributors may each access the sales figures for their assigned geographic regions to insure that the compensation is appropriate, after which the audit and compensation process ends.

In one exemplary embodiment, each distributor may be ranked based on their sales figures. Those distributors within or above a certain percentile of total sales may then receive compensation from the seller. Such compensation may include preferred

wholesale pricing for the product, an ownership interest in the seller's corporation, and/or an increase in the percentage of profits to be given to the distributor for each sale completed. Sales figures may be reviewed periodically and compensation may be revised based changes in the distributors sales figures.

5 In a second exemplary embodiment, individual employees of each distributor may be ranked based on the number of sales or revenue generated from their sales of the product. The individual employee may receive compensation from the seller, which may include a monetary commission, a discount on purchases of the product, a vacation package or the like.

10 In further embodiments of the present invention, it is contemplated that a product purchased by the user may be returned to a local distributor. If the product was purchased through the distributor, the seller may not compensate the distributor for the return. However, if the product was purchased online or through another distributor, the seller may compensate the distributor who received the product. The returned product
15 may then be added to the distributors inventory or provided to the seller for sale online.

In an additional embodiment of the present invention, it is contemplated that a user may be directed to the seller's web site from other affiliated or unaffiliated web sites. This may be accomplished by placing banner advertisements on third party web sites, which direct the user to the seller's web site upon selection by the user, as is well known
20 in the art. The operator of the web site may receive further revenues by placing third party banner advertisements on the sellers web site.

Although the invention has been described in detail in the foregoing embodiments, it is to be understood that the descriptions have been provided for purposes

I claim:

1. A method of selling and promoting a branded product online, as substantially described herein.

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2. An apparatus for selling and promoting a branded product online, as substantially described herein.

3. A method of purchasing a product online, as substantially described herein.

10 4. A method for participating with an online seller of a branded product, as substantially described herein.

5. An apparatus for participating with an online seller of a branded product, as substantially described herein.

Abstract of the Disclosure

A system and method of the present invention allows a seller of a branded product, such as a diamond seller, to attract both buyers and distributors using a web site on the Internet. Users or potential purchasers may register with the web site by providing personal identification information including a financial account identifier. Users may then receive information on a branded product and order the product online. The product may preferably be picked up at an independent or franchised retailer in the same geographic location as the buyer. Such local distributors, as well as individual employees of the same, may register with the seller to sell the product. The local distributors may then provide inventory information and receive appropriate orders received through the seller's web site. The local distributors and individual employees may receive compensation from the seller for sales of the product. Local distributors may furthermore be rated based on sales of the product and may receive further compensation based on their rating and/or further criteria. Traditional online commerce methods may also be combined with the methods of the present invention.

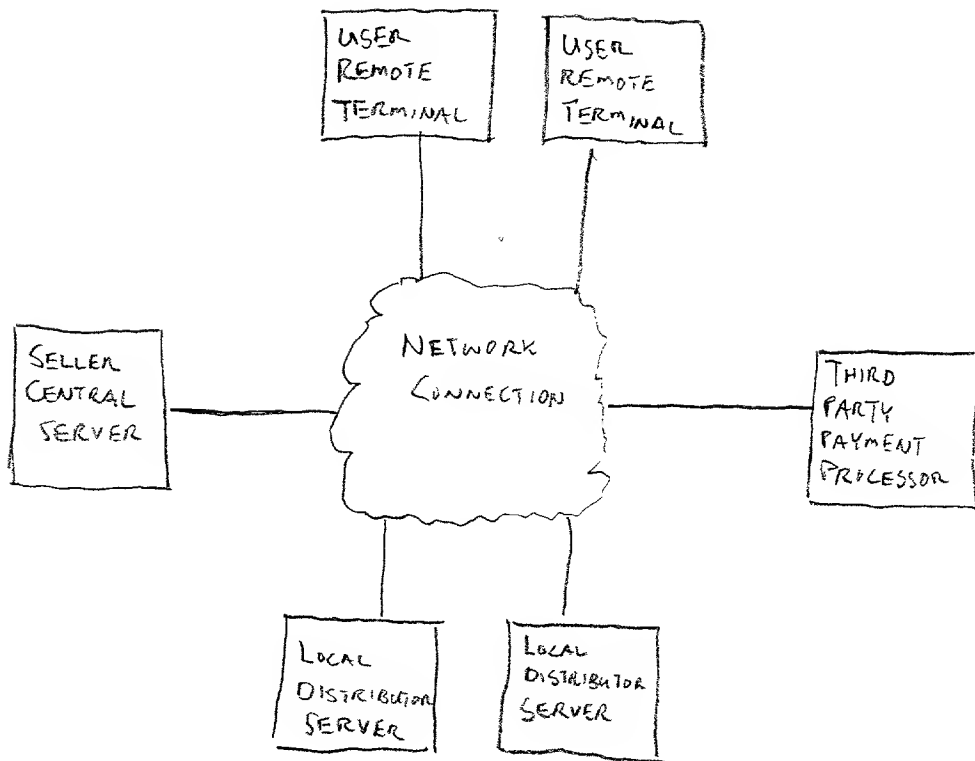
[illegible]

FIG. 1

Copyright 2000

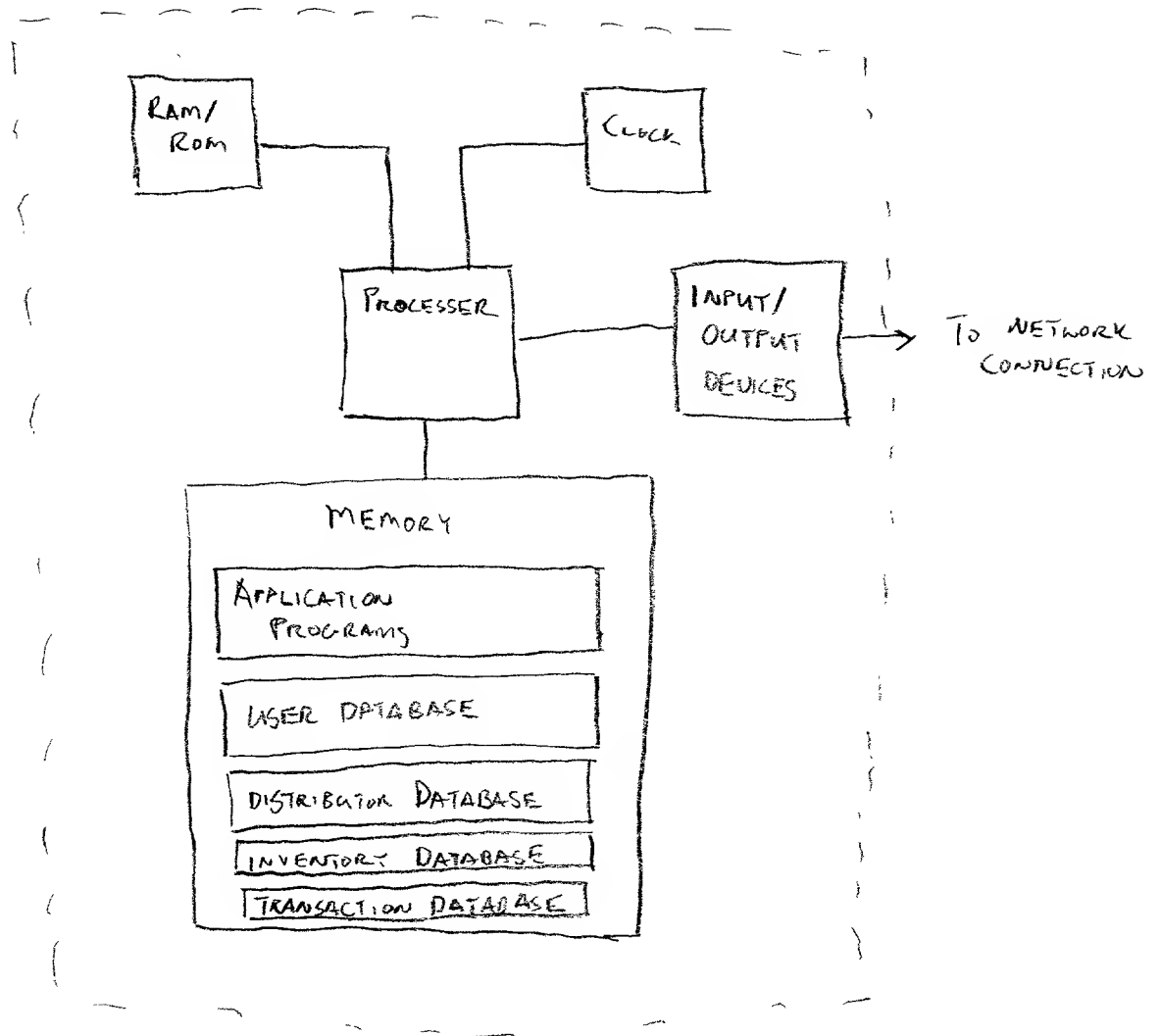


FIG. 2

| USER NAME | USER ID | USER ADDRESS | USER TELEPHONE | FINANCIAL ACCT ID |
|------------|---------|-----------------------------------------|----------------|---------------------|
| CUSTOMER A | A1234 | 1 MAIN STREET, NY, NY 10001 | (212) 555-8000 | 4128 0000 1111 2222 |
| CUSTOMER B | B3456 | 10 ELM STREET, BOSTON, MA 02227 | (517) 555-9121 | 5247 1123 4456 |
| CUSTOMER C | C4567 | 137 SPRING STREET, ATLANTA, GA 30309 | (404) 555-1232 | 8008 1467 123 |

SQL*Plus Release 9.0.1.0.0

| DISTRIBUTOR NAME | DISTRIBUTOR ID | DISTRIBUTOR ADDRESS | EMPLOYEE ID'S |
|------------------|----------------|--------------------------------------|----------------------------------------|
| DISTRIBUTOR A | AD123 | 200 W. 42ND STREET NY, NY 10110 | EMPLOYEE 1 EMPLOYEE 2 |
| DISTRIBUTOR B | BD124 | 1 CHARLES STREET BOSTON, MA 02227 | EMPLOYEE 3 |
| DISTRIBUTOR C | CD125 | 1 OLYMPIC WAY ATLANTA, GA 46528 | EMPLOYEE 4 EMPLOYEE 5 EMPLOYEE 6 |

* * * * *
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 a a a a a

FEB 4
 5 0 3 6 5 3 1 0 5 0 1 0 0

| CUSTOMER ID | TRANSACTION ID | DATE/ TIME | PRODUCT ID | MODE OF DELIVERY | DESCRIPTION | MESSAGE | DISTRIBUTOR | INSURANCE |
|----------------|-------------------|----------------------|---------------|---------------------|-------------|------------|---------------------|-----------|
| A1234 | XP100 | 6/1/2000 | H1 | ONLINE | N | - | - | N |
| B3456 | XF101 | 6/1/2000 10:00 PM | H2 | OFFLINE | N | - | BD124 | Y |
| C4567 | XP102 | 5/31/2000 | H3 | OFFLINE | Y | I LOVE YOU | CD125 EMPLOYEE S | Y |

Fig. 6
S0208521 050300

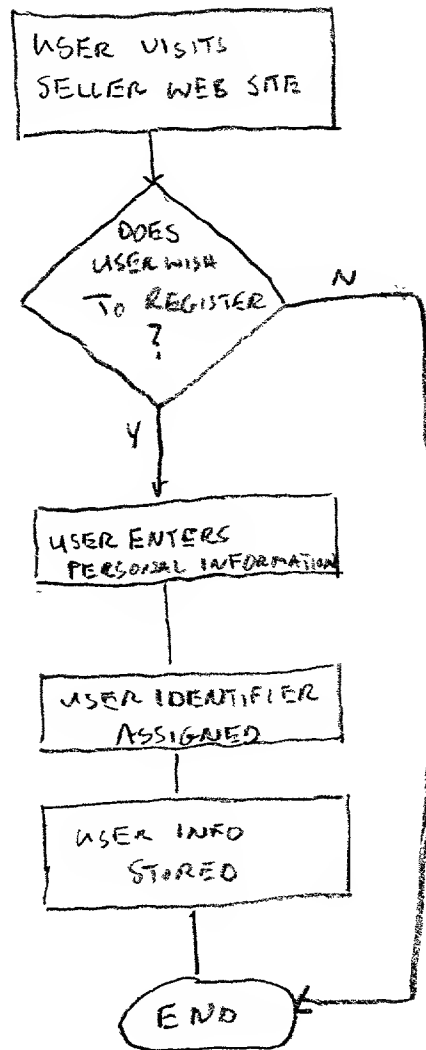


FIG. 7

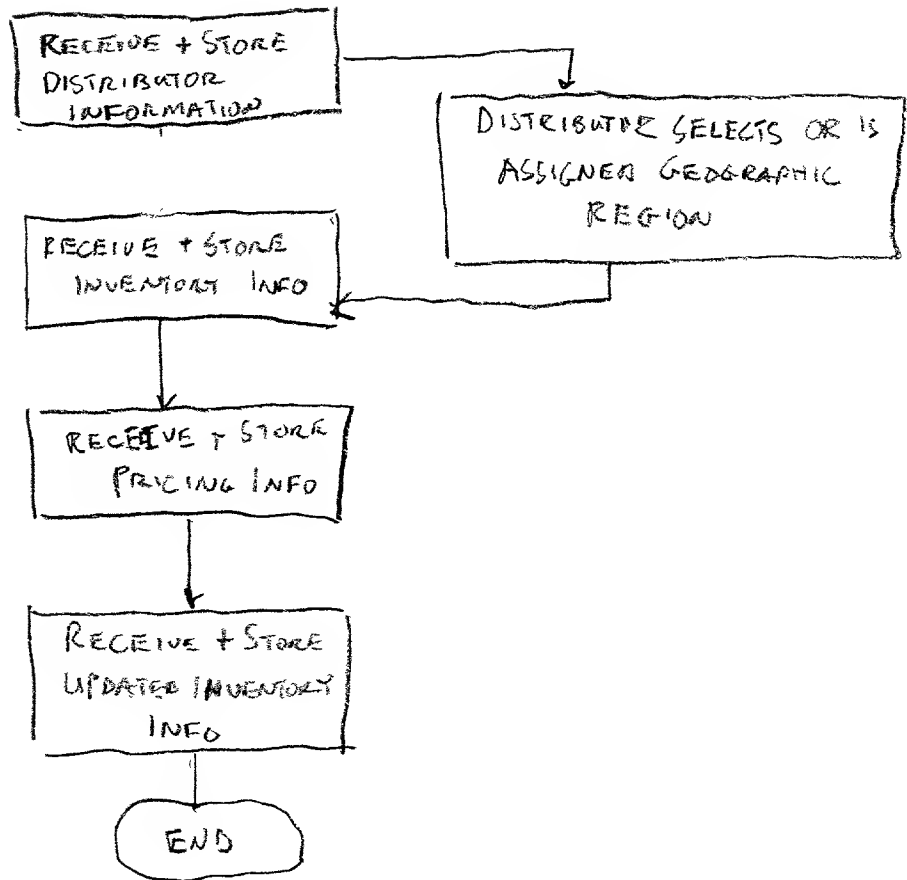


FIG. 8

SECRET 060400

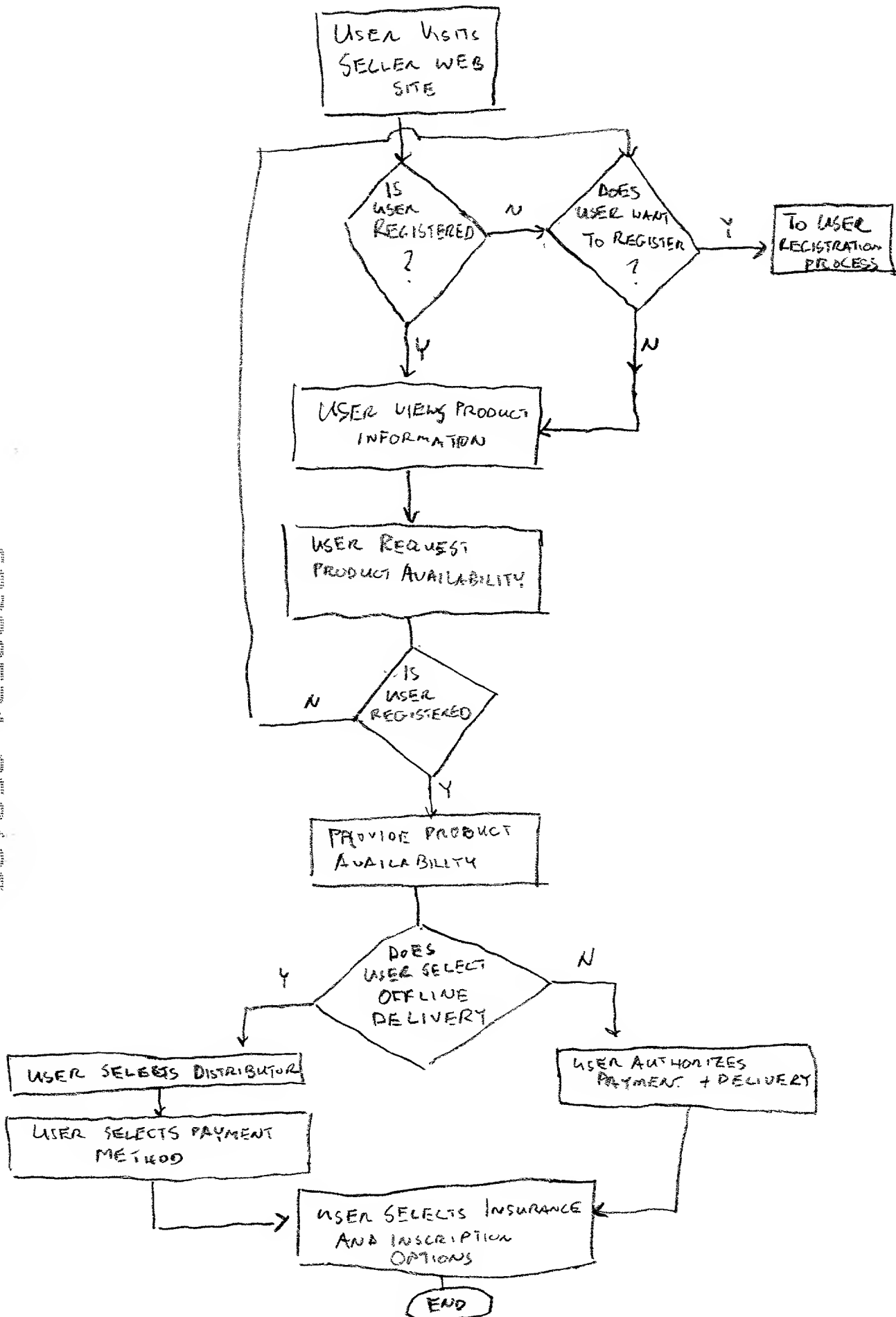


FIG. 9

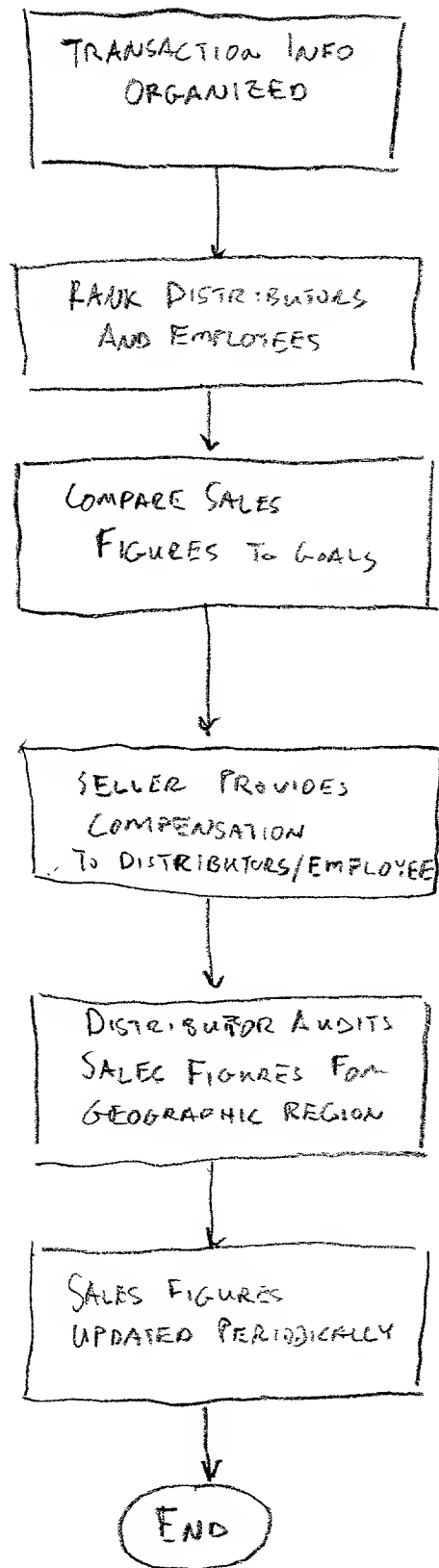


FIG. 10